



AMERICAN OBSERVER

News and Issues—With Pros and Cons

VOLUME 24, NUMBER 6

WASHINGTON, D. C.

OCTOBER 11, 1954

Here and Abroad

People—Places—Events

JAPAN AND RED CHINA

A group of Japanese lawmakers are in communist China this month to seek new markets for their country's factory products. Our government does not like to see the free world increase its trade with the Reds, but Japan and other allies of ours seem to feel that they must do so in order to prosper.

ACTIVE CITIZENSHIP

Twenty-five University of Minnesota students are ringing doorbells to talk to citizens and are making speeches to crowds on behalf of candidates they support for election in November. The 25 are in a class on Field Work in Government and Politics, which seeks to teach citizenship by having students actually engage in political tasks. Those taking the course get regular college credits.

PLAN FOR DISNEYLAND

This Week Magazine says that movie producer Walt Disney is building a 10-million-dollar playground, called Disneyland, outside Los Angeles. It will have such attractions as an old-fashioned steam locomotive to haul visitors and a futuristic rocket ship. The ship will "take visitors to the moon"—creating the illusion of space travel with a movie device showing the earth receding and the moon growing larger.

TRIESTE SETTLEMENT

The agreement which has been reached between Italy and Yugoslavia over the control of Trieste is of vital importance to western Europe. These two nations have been quarreling over this small area ever since the end of World War II. In next week's issue we shall give complete details of the settlement, and explain its significance to the free world.

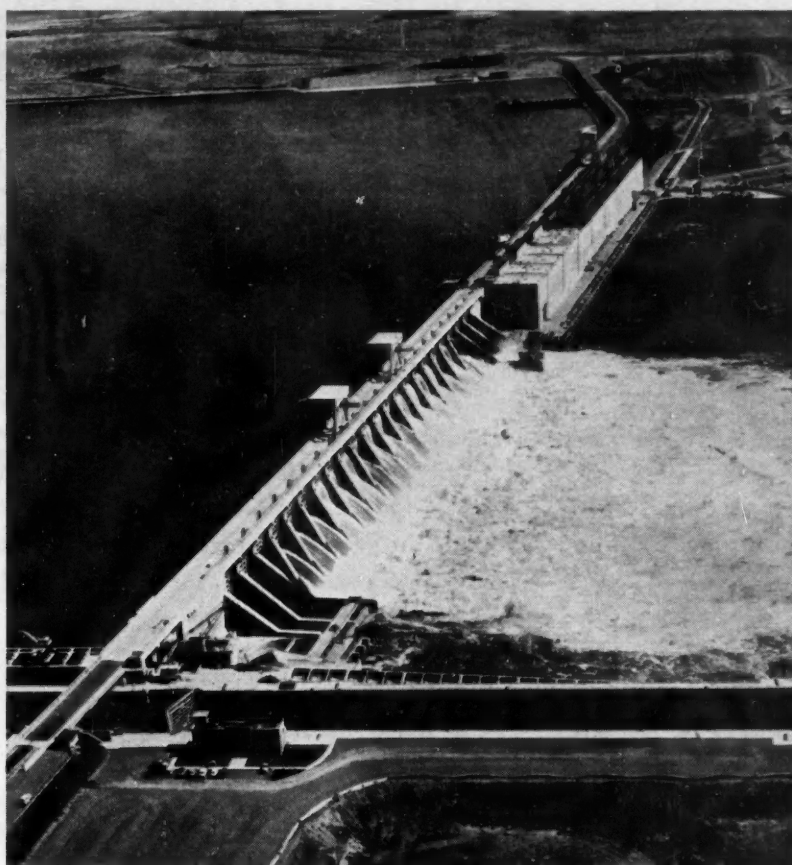
VISITOR FROM PAKISTAN

Pakistan's Prime Minister Mohammed Ali, after visiting in the U. S. for some days, is due in Washington this week. He is expected to discuss plans for anti-communist defense in Asia with President Eisenhower and other officials. It is significant to note that India's Prime Minister Nehru, who opposes Asiatic defense alliances with the U. S., is visiting communist China at the same time that the Pakistan leader is in our country.

PLEDGE OF ALLEGIANCE

Our schools have begun to use a revised pledge of allegiance to the flag. The words "under God" have been added to the pledge by a congressional resolution which the President signed last June 14 (Flag Day). The pledge now reads:

"I pledge allegiance to the flag of the United States of America and to the republic for which it stands, one nation under God, indivisible, with liberty and justice for all."



McNARY DAM, on the Columbia River between Oregon and Washington, is a big new link in the chain of Northwest power projects

Administration's Power Policy Is Election Issue

Candidates for Congress Differ on Role that Government Should Play in Production of Electricity

EDGAR Dixon and Eugene Yates are top men in two southern companies whose business is generating and selling electricity. As the 1954 political campaign goes into its final month, the names of Dixon and Yates are being heard frequently in candidates' speeches. The Eisenhower administration's acceptance of a plan put forth by these two men is becoming a lively campaign issue.

The Dixon-Yates plan involves building a power plant in West Memphis, Arkansas. The proposal—which we shall examine a bit later—revives an old debate over the role that our federal government should play in the development of river systems.

Most citizens agree that the U. S. government should take a large part in building major dams on big rivers for the purposes of preventing floods, providing water for irrigation and navigation, and furthering soil conservation. Such dams are usually called multi- (or many) purpose dams since they are constructed for more than one reason. Building a dam of this kind is such a costly undertaking that, it is generally agreed, only the federal government has the resources to carry it out.

There is also general agreement that, once dams are built, the water

power that is made available should be used for producing electricity. It would obviously be unwise to let a big, convenient source of water power go to waste.

Agreement often stops, though, when these questions arise: Who should own and operate the electricity-producing plants? Should the federal government stay in the business of generating and selling power? Or should the production and sale of electricity be carried out only by private companies?

Today both private industry and the federal government generate and sell power. Private companies account for about 80 per cent of the electric power produced and sold in the United States. (This includes power produced by coal, gas, and oil as well as by water.) The federal government produces about 13 per cent, while the remaining 7 per cent is generated and sold by local governments, state-controlled groups, and so forth.

The role of the federal government in producing power has been hotly debated for years, and the dispute has again come to the fore this fall. Democrats are accusing the Republicans of aiming to curb public-power projects and of unduly favoring private-power

(Concluded on page 6)

Foreign Trade Puzzle Viewed

Business Groups Disagree on American Policy Toward Purchases Abroad

SPOKESMEN for the American bicycle industry are deeply worried about the rapidly growing sales of foreign-made bikes in this country. They want our government to boost the tariff on foreign bicycles, or to set a limit on the number that can be brought in to the United States for sale.

Lightweight bikes from Britain and other foreign lands have become increasingly popular in this country during the last few years. Ownership of imported bicycles is now something of a fad among young people in many localities. In some cases, moreover, foreign-made bikes are less expensive than comparable American models. Alarmed U. S. manufacturers contend that foreign vehicles may account for half of all the bicycle sales in America this year.

Many people insist that our government should not take any steps to change this situation. They say: "If foreign manufacturers can sell us better—or cheaper—bicycles than can our companies here at home, let them do it. The American consumer will reap the benefits. Furthermore, the U. S. bicycle market is growing fast enough to permit big gains for domestic as well as foreign producers.

"The U. S. government already charges a tariff amounting to at least 7½ per cent of the value of foreign-made bicycles. The trade barriers on bikes shouldn't be increased further."

U. S. bicycle manufacturers reply as follows: "If foreign sales of bicycles in this country keep increasing, we shall soon be forced out of business. Foreign manufacturers can sell at prices far below ours, because they pay their workers less. It isn't fair to let the American bicycle makers be penalized for paying good wages to their employees.

"The U. S. bike industry, directly and indirectly, gives employment to large numbers of people. Several thousand workers may lose their jobs if the government doesn't take new steps to protect this industry against foreign competition."

This bicycle dispute is a good example of the conflicts that continually arise over our nation's foreign trade. For many years, Americans have been arguing over whether our main effort should be to limit and restrict purchases from abroad, or whether we should encourage such purchases.

The matter is getting considerable attention just now, because American delegates will soon go to Geneva, Switzerland, to attend a big international trade conference. Some observers hope that this meeting, which begins on

(Continued on page 2)

Foreign Trade Question

(Continued from page 1)

November 8; will bring important reductions in world trade barriers. Others feel that the United States, at least, should make no such reductions.

Our foreign trade problem is extremely complex because it involves so many different types of products. There are items, such as coffee and tea, which the United States does not produce within its own borders. We hear no demand for high tariffs on these items, because there are no American producers seeking protection against foreign competition.

Meanwhile, we have certain industries so big and powerful that they can't be seriously hurt by foreign competitors. The automobile industry is one of these. Though some people in this country like to buy foreign cars, most of us prefer the familiar American brands. Our nation sells far more cars and trucks abroad than it purchases from foreign manufacturers.

The U. S. automobile industry, and others in an equally favorable position, generally don't seek high tariffs. On the contrary, they want to promote foreign trade, because they expect to profit from it rather than to lose. They want foreigners to sell large quantities of goods in America, and thus earn dollars to buy automobiles and other U. S. products.

On the other hand, there are producers who feel that competition from abroad can damage them severely. The bicycle manufacturers are among these, and so are the watchmakers.

10 TOP U. S. EXPORTS

- 1 MACHINERY
- 2 MOTOR VEHICLES AND PARTS
- 3 GRAIN
- 4 AIRCRAFT
- 5 CHEMICALS
- 6 WEAPONS AND AMMUNITION
- 7 GASOLINE AND OIL
- 8 TEXTILES
- 9 COTTON
- 10 IRON AND STEEL

10 TOP U. S. IMPORTS

- 1 METALS AND ORES
- 2 COFFEE
- 3 PAPER AND WOOD PULP
- 4 PETROLEUM (largely crude)
- 5 CANE SUGAR
- 6 RUBBER
- 7 WOOL
- 8 CHEMICALS
- 9 MACHINERY
- 10 FRUITS, NUTS, & VEGETABLES

DRAWN FOR AMERICAN OBSERVER BY JOHNSON
WHAT WE SELL and what we buy

Such producers generally want high "protective tariffs" levied against foreign products that might compete with their own.

Thus it can be seen that the foreign trade question involves a conflict of economic interests. U. S. officials must make decisions on trade policies and tariff rates regarding thousands of items.

If our democracy is to work effectively in the field of trade, as in other matters, these officials must be guided by what the public wants. The average citizen, though, can't possibly make up his mind on all the detailed questions that our trade authorities must settle. The best he can do is to form an opinion

on what should be our basic trade policy.

The citizen can decide whether he thinks we should seek to expand or limit our total business with other countries. Then by writing to his congressmen and by various other means, he can try to persuade our government to carry out the policies he favors.

The person who is trying to form a general opinion on foreign trade must look at the grand totals of what we buy and what we sell. Here is what he would find for 1953:

To other countries, we provided goods and services (including those covered by foreign aid) valued at 21½ billion dollars. From those countries, we bought goods and services valued at 16½ billion dollars. The foreign nations fell short, by about 4½ billion dollars, of earning enough American money to pay for what we sent them. We filled most of this gap by giving or lending them money under military and economic aid programs.

For earlier years, the story is quite similar. From 1946 through 1952, our foreign sales exceeded our purchases by 34 billion dollars. We gave or lent foreigners most of the money needed to cover the difference.

This policy of making annual grants to help friendly foreign nations cover their American purchases is considered temporary, even though it has been continuing for a number of years. The purpose is to assist these countries in getting the materials needed for building their strength against the threat of Soviet aggression. Americans are unwilling to accept this aid program as a permanent policy, for it burdens our nation with a heavy tax load.

Meanwhile our foreign friends, knowing that we won't be willing to keep handing them gifts and loans indefinitely, want to put their U. S. trade on a sounder basis. They want "trade, not aid."

Many people feel that the United States should encourage foreigners to sell large quantities of goods in our markets, and thus earn the dollars they need. Such a policy would involve keeping our tariffs and other trade barriers low. People who advocate it argue as follows:

"Everybody knows that we depend heavily on foreign countries for many items we want and need. Coffee and cocoa from Latin America and Africa, tin and rubber from Southeast Asia and other regions, nickel and newsprint from Canada, cane sugar from Cuba and the Philippines—these are only a few of the numerous examples that could be given.

"Furthermore, we depend heavily on foreign lands for customers. In recent years, according to President Eisenhower, 'one third of our wheat, 40 per cent of our cotton and rice, and one fourth of our tobacco and soybeans have been exported.'

"Unless foreigners buy large quantities of our grain, cotton, automobiles, machinery, and other products, there will be less work and less income for the people who produce these items. Not long ago it was estimated that the jobs of about 300,000 Americans depended upon sales of U. S. machinery to foreign buyers. In the long run, if we are to keep up our foreign sales



CERTAIN OF OUR ALLIES contend that trade, not aid, is the key to successful and permanent cooperation among free nations

and keep these people at work, we must give foreigners plenty of opportunity to sell goods and earn dollars in America.

"Moreover, we continually urge our allies to avoid trading with Russia or communist China. But such countries as Britain and Japan depend heavily on foreign commerce. They must trade with somebody. If we shut the door on many of their products, these countries will be under more pressure to seek trade agreements with the communist nations.

"Our allies are justified in feeling that we should at least be willing to purchase as much from them as they buy from us."

On the other hand, people who favor high tariffs and rigid restrictions on foreign trade argue as follows:

"We must not force American producers and workmen into competition with foreigners who, in most cases, maintain living standards far lower than ours. If goods made by low-paid laborers abroad are allowed to flood U. S. markets, this competition will force American wages down toward the foreign level. In many cases, it will cause U. S. workers to lose their jobs.

Foreign Tariffs

"People who advocate an expansion of U. S. foreign trade sometimes try to give the impression that our country is about the only one which maintains any major trade barriers. This is not true. High tariffs and other trade restrictions are to be found in many parts of the world. Certain of our European allies, who blame our tariff barriers for their economic troubles, are among the worst offenders.

"Advocates of trade expansion would have people believe that America now buys very little from abroad. Actually, U. S. import trade is booming. In 1953, we bought 16½ billion dollars' worth of goods and services from other countries. This amount compares with 8½ billion—only half as much—in 1947. We certainly need not take any measures to stimulate imports still further.

"Ever since World War II, we have been overly concerned with the welfare

of foreign countries. In the words of U. S. Representative Daniel Reed of New York, most people who want to expand our foreign commerce are 'more interested in the nerves and feeling of other countries than our own.'

The foreign trade issue will receive attention in Congress next year. Since 1934, our nation has been operating under a series of laws which have permitted the President to negotiate with foreign governments and work out tariff-reduction agreements to promote trade. The present law of this type expires next June.

Congress undoubtedly will be asked to renew this Trade Agreements Act, thus letting the President keep a large measure of control over our national trade policies. Many people, however, think the lawmakers should take the job of tariff regulation largely into their own hands.

Presidents, in general, have usually favored lower tariffs than has Congress, so the Americans who seek large-scale foreign commerce want our Trade Agreements Act to continue. They claim that the Chief Executive is in the best position to consider our national interests as a whole.

People who are more interested in limiting trade would rather see the decisions in this field left up to Congress. The lawmakers, they argue, are more interested than is the President in making sure that various local industries aren't harmed by foreign competition.

So far as foreign trade is concerned, much may depend on which party wins control of Congress in the coming elections. Down through the years, the majority of Republicans have tended to favor higher tariffs and more trade restrictions than have the majority of Democrats. The latter have been more inclined to encourage large-scale foreign commerce.

Republican President Eisenhower speaks out strongly in favor of extensive foreign trade, but it remains to be seen how much he accomplishes along this line and to what extent he can carry his party along with him.

Some of Mr. Eisenhower's critics claim that his actions on foreign trade

haven't matched his general statements. They say: "He talks in favor of trade expansion, then makes decisions that tend to restrict our purchases abroad. Last July he allowed a 50-per-cent increase in the tariff on Swiss and other imported watches. This step has been of little or no benefit to the U. S. watch business, and it has hurt us by causing a 'Don't buy American' drive in Switzerland."

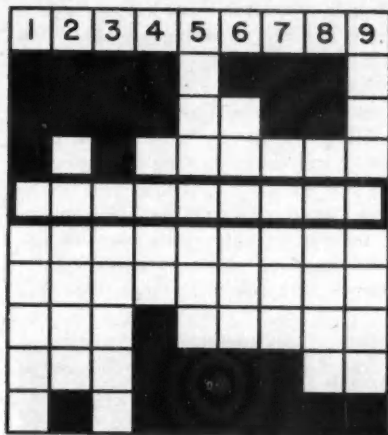
Eisenhower's supporters reply: "The President *does*, in most cases, favor reasonably low tariffs and sizable imports. But he feels that there are some special cases where exceptions must be made. In the watch situation, for example, defense needs had to be considered. Eisenhower was seeking to protect and preserve our U. S. watchmaking industry so that it would be available for producing various kinds of delicate instruments in case of war."

Regarding such issues, we can be certain of at least one thing: There will be no final settlement of the foreign trade controversy. It is an issue that will be revived and re-examined almost every year.

At present, as many of our readers know, foreign trade is the national high school debate topic. It would be hard to find a more important long-range subject for argument.

Many high school students are engaging in campaigns to get as many voters as possible, regardless of whether they are Republicans or Democrats, to go to the polls in the November 2 elections.

CURRENT AFFAIRS PUZZLE



Fill in numbered vertical rows according to descriptions given below. When all are correctly finished, heavy rectangle will spell the general name for the principal goods exported by the United States.

- _____ are our leading import.
- _____, used in constructing buildings, is an important product of the Tennessee River Valley area.
- _____ is our second leading import.
- The Tennessee River is largest tributary of the _____ River.
- The long-range foreign trade issue concerns the question of whether to raise or lower _____.
- _____ supplies us with most of our nickel.
- There are _____ states in the Tennessee River Basin.
- McNary dam lies between Washington and _____.
- A much-publicized foreign trade dispute involves the tariff on _____.

Last Week

HORIZONTAL: rearmament. VERTICAL: 1. Ruhr; 2. steel; 3. Saar; 4. Rhine; 5. Munich; 6. Warren; 7. movie; 8. Korea; 9. nine; 10. doctors.



WALTER CRONKITE is head narrator of the TV program "You Are There"

Radio-TV-Movies

FAMOUS events of the past are the raw material for the weekly television program, "You Are There." With Walter Cronkite acting as head narrator, a staff of CBS newsmen report the events as if they were currently unfolding. This lively program caused one young viewer to exclaim, "I never knew history was so interesting."

In past seasons, "You Are There" has pictured many a dramatic happening. Viewers have seen the re-creation of such events as the Boston Tea Party, the Gettysburg address, Paul Revere's ride, and the signing of the Declaration of Independence.

During the coming months, "You Are There" will report such decisive moments in American history as the nomination of Abraham Lincoln, the passage of the Bill of Rights, and the D-Day decision of General Eisenhower. Earlier history will be portrayed in programs on the burning of Rome, the plot against King Solomon, and the adventures of Marco Polo.

This popular half-hour program is seen on Sunday at 6:30 P.M. (Eastern Standard Time) over CBS stations.

Cinerama—that spectacular new form of motion-picture entertainment—just observed its second birthday. It was two years ago that New Yorkers got the first glimpse of the three-dimensional movie which has brought realism in picture-making to its highest point.

Cinerama makes viewers feel that they are right in the midst of the pictured action—riding a roller coaster, skimming along a lagoon on water skis, or soaring in an airplane over the Grand Canyon. It achieves its realism by making use of a triple-lensed camera, three projection booths, a gigantic curved screen, and a new type of sound system.

During its first two years, Cinerama has played to sell-out crowds everywhere. It is now being seen in 13 cities in the United States, and it recently opened in London. Because it requires very expensive equipment and a specially arranged theatre, Cinerama will probably never be shown anywhere except in very large cities.

You may have thought that television is making radio take a back seat. That is not quite the case, as a recent survey shows.

The Advertising Research Foundation found out that there are approximately 101 million radio sets associated with U. S. households. In addition, the survey group estimated that there are about 10 million more in public places, business establishments, and such other places as hotels, college dormitories, and armed forces installations.

All told, these 111 million radio sets represent a net increase of 34 million radios in the past six years—the very period during which television expanded so remarkably.

CHRISTOPHER COLUMBUS — — 1446 (?) — 1506

There are lots of queer things that discoverers do
But his was the queerest, I swear.
He discovered our country in One Four Nine Two
By thinking it couldn't be there.

It wasn't his folly, it wasn't his fault,
For the very best maps of the day
Showed nothing but water, extensive and salt,
On the West, between Spain and Bombay.

There were monsters, of course, every watery mile,
Great krakens with blubbery lips
And sea-serpents smiling a crocodile-smile
As they waited for poor little ships.

There were whirlpools and maelstroms, without any doubt
And tornadoes of lava and ink.
(Which, as nobody yet had been there to find out,
Seems a little bit odd, don't you think?)

But Columbus was bold and Columbus set sail
(Thanks to Queen Isabella, her pelf).
For he said, "Though there may be both monster and gale,
I'd like to find out for myself."

And he sailed and he sailed and he sailed and he SAILED
Though his crew would have gladly turned round
And morning and evening, distressfully wailed
"This is running things into the ground!"

But he paid no attention to protest or squall,
This obstinate son of the mast,
And so, in the end he discovered us all,
Remarking, "Here's India, at last!"

He didn't intend it, he meant to heave to
At Calcutta, Rangoon or Shanghai,
There are many queer things that discoverers do.
But his was the queerest. Oh my!

—Rosemary and Stephen Vincent Benét

Readers Say—

Last month we asked readers for their views on Life magazine's suggestion that our country should help Red China's people who are threatened with starvation as a result of costly floods. The majority of letters we have received thus far favor aid to Chinese flood victims. Many readers, however, are opposed. Following are summaries of a few of the letters:

Let's show China that we are a nation of human beings with kind hearts. We might even encourage the Red Chinese to turn against the harsh rule of communism through kindness on our part.

JANICE MORRIS,
Chicago, Illinois

No, I don't think we should send aid to the Red Chinese people. I feel we are too ready to aid any country that asks for it. We have plenty of people who do not have proper food right here at home. Why not help them a little before sending aid abroad.

PALMA CAPOSIENO,
Chicago, Illinois

I believe that every major religion on the globe teaches mankind to help his fellow men. Surely, no human being in our land of plenty could sit back and watch millions of Chinese starve on the excuse that we would be aiding our enemies. Few of the unfortunate people of Red China have a say in their government. Why punish them by withholding food from them?

MARGARET ALCARN,
Longview, Washington

We have a great opportunity to show our friendship for the Chinese people by giving them aid in their time of need. Such a move on our part would also act to tear down some of the lies the communists have been telling their people about us. We must remember that we are unfriendly to Red China's government, not its people.

ARDON DENLINGER and
RONALD HILL,
Dayton, Ohio

The Red Chinese may be in bad shape right now, but so are some Americans. I read in the AMERICAN OBSERVER last year that the average life span of our Indians is 25 years. Last summer, I had a chance to see with my own eyes the terrible conditions under which these people live. Let's help them before we send aid to others.

ARTHUR MOORE,
De Funiak Springs, Florida

If our neighbors in this country were severely hurt by floods, we would surely come to their aid. The Chinese people are also our neighbors. We should help them as an act of friendship.

VERNON PECK,
Coleridge, Nebraska

I am opposed to aiding the Red Chinese because I feel that they wouldn't help us if the tables were turned.

DIANA THOMAS,
Odessa, Missouri

The Story of the Week



BRITAIN'S Anthony Eden is leading the effort to get free Europe to agree on the rearmament of Western Germany

Special Senate Meeting

On November 8, members of the U. S. Senate will return to Capitol Hill to make an important decision. They are coming to vote on the report of a special committee which has been investigating charges made against Wisconsin's Republican Senator Joseph McCarthy.

After a number of senators had asked that McCarthy be censured for some of his past actions, the Senate set up a special committee late last summer to study these accusations. The group was made up of three Republicans and three Democrats. Utah's Republican Senator Arthur Watkins was chosen as chairman.

The Watkins committee studied more than 30 criticisms of Senator McCarthy. It put the criticisms into five main groups and then carefully examined them. The committee also heard Senator McCarthy and his lawyer tell why they thought the criticisms should be tossed aside.

Then the group made its report. It expressed the opinion that McCarthy should be censured on two of the five broad charges made against him: (1) that he refused to appear before a Senate committee which investigated his financial affairs a few years ago; and (2) that he mistreated U. S. Army General Ralph Zwicker at a committee hearing. The Watkins group also said that McCarthy was insulting in the language he once used against a fellow member of the Senate.

Senator McCarthy doesn't deny doing any of the things which are listed, but he and his supporters say he had good reasons for his words and actions. They contend that other lawmakers have conducted themselves in a similar way without being censured.

Other Americans believe the Senate should uphold the verdict of the Watkins committee. This group of respected lawmakers, it is argued, reached their decision on McCarthy only after carefully weighing all evidence presented to them by both sides.

When the Senate meets in November, it will have to decide whether or not to censure McCarthy. If a majority of lawmakers support the censure proposal, the main punishment for McCarthy will be embarrassment and perhaps loss of popularity for him. But he will continue to serve in the Senate.

If, on the other hand, a majority votes *not* to censure him, the charges will be killed, and Senator McCarthy can look upon the result as a victory for himself and his record.

Needed—4½ Billion

"Cut expenses to the bone." This White House message is in the hands of all chiefs of government agencies, as the Eisenhower administration tries to keep the national debt from going much above its present level of 275 billion dollars.

Not long ago, Secretary of the Treasury George Humphrey and other top financial officials took a close look at Uncle Sam's budget for the book-keeping year ending next June 30. They estimated that the government's deficit—expenditures over income—would amount to some 4½ billion dollars during that time.

The White House still hopes to reduce the large deficit before next June. Mr. Humphrey believes further cuts in expenditures can be made in our defense budget without endangering national security. Some administration officials, as well as other prominent Americans, disagree with him. They feel that it wouldn't be safe for us to spend less on defense than we are now doing. The final decision rests with President Eisenhower.

Anthony Eden

Last week, the outlook was rosy for a proposed European defense system in which West Germany would take part. Britain's Foreign Minister Anthony Eden will deserve a big share of the credit if such a plan is worked out successfully.

Day after day, in past weeks, Eden sought to get European leaders to agree on a plan to rearm West Germany as a western defense partner. He journeyed from one European capital to another for this purpose, and invited the United States, Canada,



WHEN MOTHER goes out, she can use this disc recorder to leave a message about dinner for the children. The disc can be erased and re-used 10,000 times. The machine, made by the United States Time Corporation, New York City, can be converted to a phonograph for 45rpm records. The outfit costs about \$60.

Britain, France, West Germany, Italy, Belgium, the Netherlands, and Luxembourg to discuss the defense plan in London. The nine-power London get-together opened late last month.

Eden is Prime Minister Winston Churchill's right-hand man and handles Britain's dealings with other nations. The 57-year-old foreign minister entered public life soon after he graduated from college. He was elected to the British Parliament.

Because of his great interest in world affairs, Eden was given posts in the nation's Foreign Office. He worked hard, and promotions came quickly. When he was only 28, he became foreign minister—the youngest man to hold that position in a hundred years.

Throughout most of World War II, Eden served as foreign minister under Prime Minister Churchill. He lost his Foreign Office post when Churchill's

Conservatives were voted out of office in 1945. Six years later, the Conservatives returned to power and Eden resumed his duties as foreign minister.

Europe's Hopes Are High

Europe has new hope for the future. After many bitter disappointments, western officials have finally reached a broad agreement on defense plans in which West Germany will participate.

About 10 days ago, representatives of the United States, Britain, France, Canada, West Germany, Italy, Belgium, the Netherlands, and Luxembourg, meeting in London, agreed on the following:

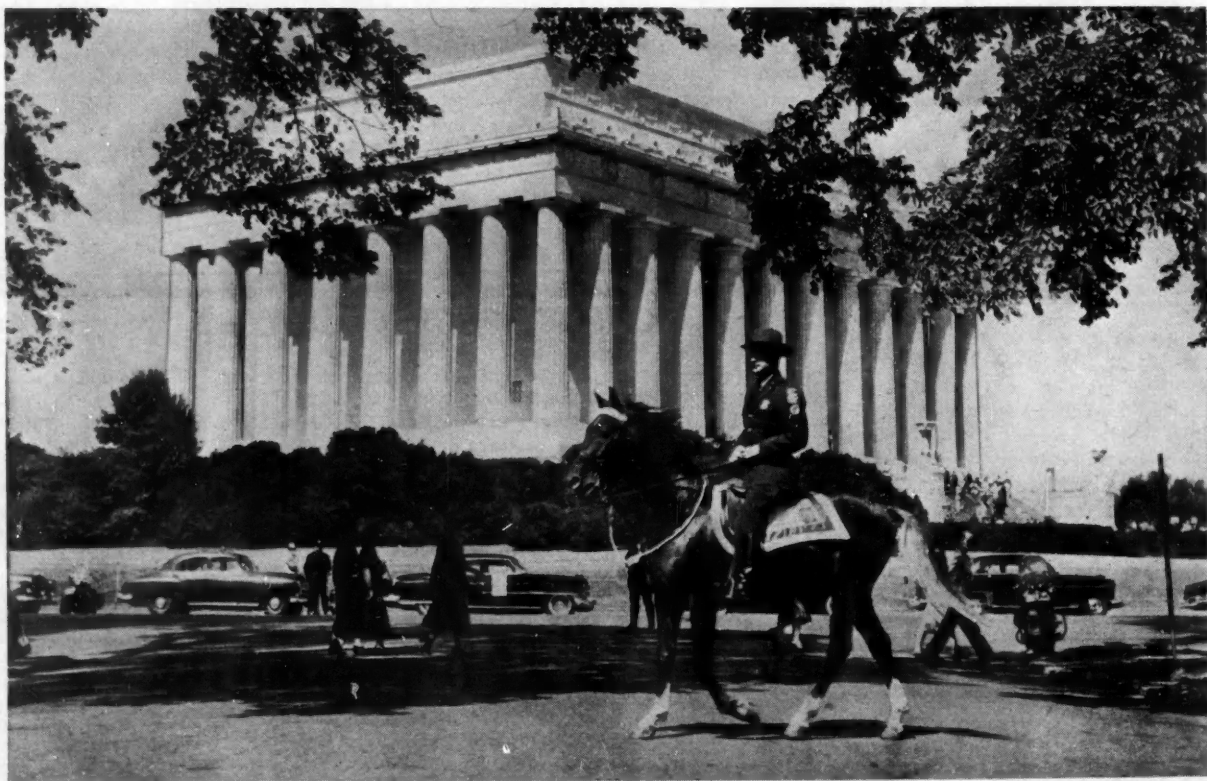
1. The U. S., Britain, and France will end their occupation of West Germany—possibly before the close of this year—thus clearing the way for complete West German independence.

2. The former enemy nation will be admitted to the North Atlantic Treaty Organization defense system. Her troops will be available to NATO at any time. West Germany will also become a member of the Brussels Pact, a defense alliance which includes Britain, France, Belgium, the Netherlands, and Luxembourg. Italy has also been asked to join this group.

3. A special body made up of Brussels Pact members will keep a watchful eye on German rearmament plans.

One of the toughest problems before officials at the London talks had to do with French fears of what her traditional rival—Germany—might do. To help overcome these fears, Britain made a history-making pledge. She agreed to keep troops on the continent indefinitely as a bulwark against the threat of possible German aggression.

Allied officials in Washington, London, Paris, and other western capitals are now working out the details of the broad agreements reached in London. If the parliaments of the various nations involved agree to this plan, it may go into effect by the end of this



A STRIKING VIEW of the Abraham Lincoln Memorial, one of the most impressive monuments in the nation's capital. The horseman in foreground is a patrolman of the U. S. Park Police.



WE OFTEN THINK of North Africa as a barren desert land filled with Arabs riding camels. Actually, North Africa has some important manufacturing cities and ports—as is evident by this scene of the busy harbor at Casablanca, French Morocco.

year. The biggest question mark is whether the French lawmakers will give their approval.

Columbus and Ericson

Two explorers who set foot on the Western Hemisphere are being honored this month. One is Christopher Columbus; the other is Leif Ericson.

Columbus is honored by our country as the man who helped open America's shores to our forefathers. An Italian who sailed for Spain, he began his trip across the Atlantic on August 3, 1492, with three small ships and 100 men. Finally, on October 12 of that year, Columbus sighted land—probably an island in the Bahamas—from the deck of the *Pinta*. He and his men took possession in the name of Spain. He called the island San Salvador.

Ericson, a viking from Norway, is believed to have come to the mainland of North America in the year 1000. Because he found wild grapes growing in the strange land, he named it "Vineland" or "Vinland." We still don't know just where he landed. It may have been in Nova Scotia, New England, or even New Jersey.

At a Glance

Crime is on the upswing, says the FBI in its report for the first half of this year. Thefts and burglaries lead all other crimes so far this year, according to the federal agency.

Economic experts are collecting all the facts they can about Soviet industrial production now and what it is likely to be in years to come. A group of experts was asked to do this job by Congress last winter. The results of their findings will be used by officials in planning our long-range economic and foreign policies.

British Labor Party members, in a recent get-together, voted to support their country's plans for rearming West Germany. The vote was a victory for Labor chief Clement Attlee's views on this issue. Nevertheless, Attlee's rival for party leadership, Aneurin Bevan, managed to get sub-

stantial support among the Laborites. Bevan is opposed to rearming the Germans. If the Labor Party, which is very strong in England today, had adopted Bevan's position, Britain's and our efforts to rearm West Germany would have been endangered.

Want to Apply?

The Navy will hold competitive examinations for high school seniors who want to combine a college education with training as Naval officers. Male citizens between 17 and 21 years of age are eligible for the tests.

About 1,800 young men will be selected for the training program. Successful candidates will attend colleges in various sections of the country. There, they will receive Naval training in addition to academic work. The Navy pays for their tuition, books,

and similar school expenses. In addition, the trainees will be paid \$600 a year until they qualify for commissions in the Navy.

Application blanks are available at your nearby Navy Recruiting Service, and at many high schools and colleges. All applications must be in by November 20. The tests will be held December 11.

Next Week's Articles

Unless unforeseen developments arise, the two major articles next week will be (1) United Nations Week—a survey of the successes and failures of the UN; (2) recent evidence of changes in Soviet foreign and national policies. In addition to the major article on the UN we shall also have some accompanying features on this organization.

THE LIGHTER SIDE

A milk bottle was fished out of the Pacific and found to contain a piece of water-soaked paper. But the writing on the paper was too faint to be deciphered. Clearly it was a case for the FBI.

Various tests were made and acids applied. At last six words stood out with startling clarity—"Two quarts of milk, no cream."



BOLTINOFF IN SATURDAY EVENING POST
"Well, anyone can make a mistake!"

Businessman: I can't make out from this letter whether it's from my tailor or my lawyer. They're both named Smith.

Secretary: Why, what does it say?
Businessman: I have begun the suit. Ready to be tried on Thursday. Smith.

Critic: Where do you get the plots for your stories?

Author: I dream them.
Critic: My, how you must dread going to bed!

Popular Author: You know, I get richer and richer, but I think the quality of my work is declining.

Critic: Nonsense! You write just as well as you ever did. Your taste is improving—that's all.

George: What kind of looking man is that chap Gableton you just mentioned? I don't believe I have met him.

Henry: Well, if you see two men off in a corner anywhere and one of them looks bored to death, the other is Gableton.

What is the difference between results and consequences?
Results are what you expect, and consequences are what you get.

SPORTS

SIX-MAN football is here to stay. It's been estimated that there are some 30,000 teams playing the game today. Many small schools promote the six-man game as a varsity sport, while larger schools sometimes have their own leagues as part of the physical education program.

Stephen Epler, a former Midwestern college player, dreamed up six-man football while coaching at Chester, Nebraska. He wanted a game that would have a maximum of action and would keep injuries to a minimum. He also was looking for a sport suitable for small schools without many boys or without much money. Eleven-man football requires a good-sized squad and a large cash outlay.

Six-man football puts more emphasis on passing and kicking than does the eleven-man game. A team consists of a center, two ends, a quarterback, halfback, and fullback. Many players who have played on six-man teams in high school have later done well on college elevens.

★

How will young Terry Brennan, Notre Dame's new football coach, do this fall? Though his team's winning streak was snapped by Purdue earlier this month, Notre Dame fans think that the South Bend, Indiana, eleven will bounce back and, under Brennan's coaching, will be a top-ranking team when the season ends.

At 26, Brennan is the youngest head coach of a major-college football team. Despite his youth, he has impressed



UNITED PRESS
COACH Terry Brennan of Notre Dame

observers as an expert organizer and a keen gridiron tactician. After his graduation from Notre Dame—where he was a star halfback—he coached Mt. Carmel High School in Chicago to three city championships. Last fall he served as an assistant coach at Notre Dame.

At the other age extreme among football coaches is 92-year-old Amos Alonzo Stagg. Though he is no longer a head coach, he still gets out on the football field occasionally to give a few pointers. Stagg served as head coach for 57 years—for 2 years at Springfield College, for 41 years at the University of Chicago, and for 14 seasons at the College of the Pacific.

Power Dispute

(Concluded from page 1)

companies. Republicans contend that Democrats want to put the government too extensively into the electric-power business. GOP leaders say that the Eisenhower administration is working out a balanced partnership between public and private power interests in a way that is fair to all.

Whenever the power controversy comes up, the Tennessee Valley Authority (TVA) is soon brought into the argument. This project, started in 1933, is the foremost example of river valley development by the federal government. Under the program, the Tennessee River and its tributaries have been developed in the interests of navigation, flood control, conservation, and electric power.

The federal government has spent more than 1½ billion dollars on the TVA project. (TVA is paying back from power revenue the amount which

Last year TVA leaders requested funds to build new generating plants, but their request was turned down by the Eisenhower administration. Instead, the administration proposed to have private industry meet the increasing demands for electric power in the Tennessee Valley region.

Consequently, President Eisenhower last spring ordered the Atomic Energy Commission (AEC) to sign a 25-year contract with a private electric-power group headed by Dixon and Yates. By the terms of the agreement, the group agreed to build a steam plant at West Memphis, Arkansas, and feed 600,000 kilowatts of power into the TVA system. This would be enough power to run the AEC plant at Paducah, and would permit TVA to meet growing demands for electricity elsewhere without further expanding.

A good many complaints have been made about the government's acceptance of the Dixon-Yates plan. Most of these objections have come from Democrats. The complaints may be summarized as follows:

Congressional Committee on Atomic Energy is expected to conduct an intensive investigation into the Dixon-Yates affair.

Though it is attracting lots of attention these days, the Dixon-Yates dispute is only one battle front in the far-ranging conflict over the production of power. The underlying issue is: Shall it be the policy of the federal government to expand its operations in the field of power production and distribution, or should it limit its activities to what it is now doing?

This question is being argued by a considerable number of candidates in the congressional campaign. Debate is most spirited in the Tennessee Valley area and in the Pacific Northwest. There are large public-power developments in both these regions.

Most Democrats feel that the federal government should continue to play a positive and active role in the development of water power. Among the arguments sometimes put forth are the following:

"It is the job of the federal govern-

this way, the people have paid the government for the advantages they have received. In addition, TVA pays several million dollars each year to states and counties in place of taxes.

"Critics of public power say that under such a setup, the control of power is placed in the hands of Washington bureaucrats. TVA disproves that. Its offices are in Tennessee, in the heart of the region served by TVA, and the agency cooperates closely with state and local governments.

"In cases where the federal government can do the job better, it should be encouraged to do so. There is certainly no danger of either a federal monopoly or of socialism—as many Republicans contend—since the federal government accounts for only 13 per cent of the electric power produced and sold in this country."

Most Republicans feel that the federal government should be extremely cautious about moving farther into the field of public power. They say:

"Wherever private power companies can handle the job of supplying electricity, they should do so rather than have the federal government move in. President Eisenhower said recently that it is not the business of the federal government to try to supply all the power needs of the people any more than it would be to supply all drinking water, food, housing, or transportation.

Private Enterprise

"Private enterprise is the very foundation of the nation's industrial strength. Yet if the trend toward production of power by the government continues as it has in the past 20 years, a federal monopoly of power will result, and our country will have taken a long step toward socialism. We do not want either monopoly or socialism in America.

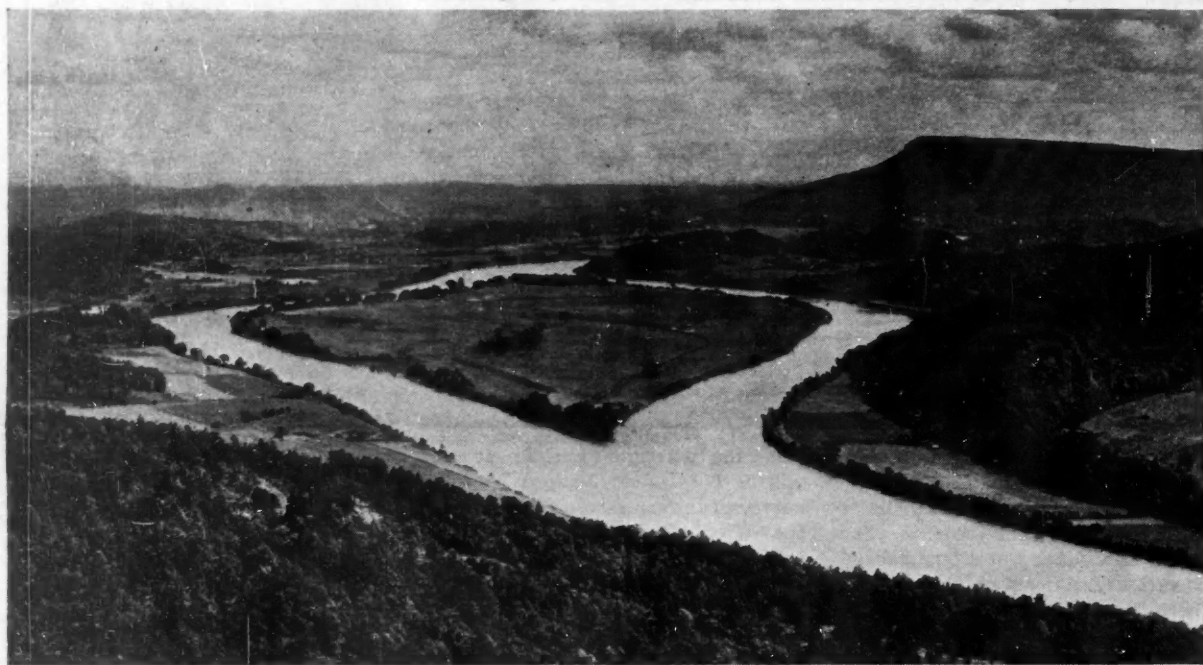
"It is a healthy policy for the citizens of a region to develop their own water power resources, if possible, and not look to the federal government to do it for them. Moreover, power development by local groups keeps control at home, and not in the hands of bureaucrats hundreds of miles away.

"Charges that the present administration wants to weaken or destroy the Tennessee Valley Authority are completely unfounded. Nevertheless, the federal government should not aim to start new TVA's elsewhere. All the taxpayers of America have to help pay for such projects, but only those in the regions involved benefit by them.

"Some of the claims made by public-power supporters are highly exaggerated. They say, for example, that TVA produces power much cheaper than private companies. They fail to point out, though, that TVA does not have the same tax burden that private companies do. It is true, of course, that the TVA has helped raise living standards in the Tennessee Valley, but identical results could have been obtained at a lower cost if the same power had been developed and sold by private companies.

"If private companies can possibly handle a given power project, they should be encouraged to do so. The role of the federal government in the power business should be limited, as it is in all other industrial fields."

These are some of the arguments which voters are hearing in the power controversy during the political campaign and which they will continue to hear when Congress meets again next January.



THE TENNESSEE RIVER near Chattanooga, with Lookout Mountain in the background. Other river systems, such as the Colorado and Columbia, have power dams similar to those on the Tennessee—and are the subject of much controversy.

the government has advanced for the power program.) Today the waters of the Tennessee and its tributaries are controlled by a system of 30 major dams. Destructive floods are curbed, and the network of waterways provides transportation for millions of tons of freight.

TVA produces large amounts of electric power which it sells in seven states. Last year total sales of electric power amounted to more than 104 million dollars.

With all the electricity it produces, TVA is having a hard time these days meeting the stepped-up demand for power throughout its area. The demand has been increased sharply in recent years by the establishment of U. S. atomic energy plants at Oak Ridge, Tennessee, and Paducah, Kentucky. These installations use a tremendous amount of electricity, about half of all that the Tennessee Valley Authority produces.

With power demands rising, it is estimated that there will be an electricity shortage by 1957 in the Tennessee Valley unless new plants are constructed. Since the atomic energy plants—so vital to our national defense—are affected, everyone agrees that steps must be taken to produce more power.

(1) TVA could—by building its own generating plants—supply the needed power cheaper than the Dixon-Yates group will be able to.

(2) Acceptance of the Dixon-Yates plan is a first step toward opening the Tennessee Valley to private-power companies and toward "destroying" the TVA.

(3) The job of building a new power plant was given to the Dixon-Yates group without inviting bids from other groups that might have been able to do it at less expense.

Those who defend the Dixon-Yates plan and its acceptance by the government say:

(1) Acceptance of the plan will relieve the government of the cost of having TVA build new plants.

(2) There is no evidence at all to support the contention that the administration is out to "kill" TVA, but the time has come to stop the government's expansion in the electric-power business.

(3) There is nothing underhanded about turning the job over to the Dixon-Yates group. It is the private utility group best equipped by geography and experience to build the new plant.

A good deal of light may soon be thrown on this dispute. The Joint

ment to control floods, aid river navigation and provide for irrigation. To be done effectively, these jobs must be carried out through an entire river valley. Where these services are needed, the federal government should step in and develop the entire valley as it has done in Tennessee. When it does so, it should certainly use the available water power to generate electricity, and should make it available to the people at the lowest possible cost. It should not turn over dams and power plants, built at public expense, to private companies.

"Public power plants can supply electricity cheaper than private companies. They can keep earnings at a modest level, but private companies have to set rates high enough to make a good profit.

"The Tennessee Valley Authority is a good example of what can be done elsewhere by the federal government. This region was poor and underdeveloped before TVA was set up. Since TVA's establishment, business has boomed. Cheap electricity has attracted many businesses to the area, and wealth has increased tremendously.

"In the past 20 years, the percentage of income taxes paid by the people of this region has doubled. In

It Hurts Us All

By Walter E. Myer

I AM asking you this week to place yourself in a number of imaginary situations. In each case, think what your feelings would be under the circumstances described.

Let us say that a leak develops in the roof of your home. You call a roof man, who works for a time and then announces that the job is done. But the next time it rains, the roof leaks again in the same place. When questioned about the job he did earlier, the workman says, "I forgot a couple of tools, so I couldn't fix the roof just the way I'd meant to."

Or imagine that you are watching a television program when your set suddenly sputters out. A repair man is called. He tinkers with the set for a while, presents his bill, and departs, whereupon you find that the set is still not working right. When called again, the repair man says, "I had never had any experience before on the kind of set you own."

Picture yourself in a restaurant, ordering dinner. When it is served, the meal turns out to be poorly prepared. You point that fact out to the chef, who shrugs his shoulders and says, "I'm not feeling well today, and I'm taking things easy."

Or you take the family car to a garage to have an engine knock eliminated. The mechanic works for a time, and then indicates that he has remedied the defect. When you drive down the street, the knock-knock-knock is heard again. You return and tell the mechanic, who says, "Oh, I'm new at this kind of work."

In each of these cases, it is not hard to tell what your reaction would be. You would certainly be displeased. The lame excuses that were offered would hardly make up for the unsatisfactory service you had received.



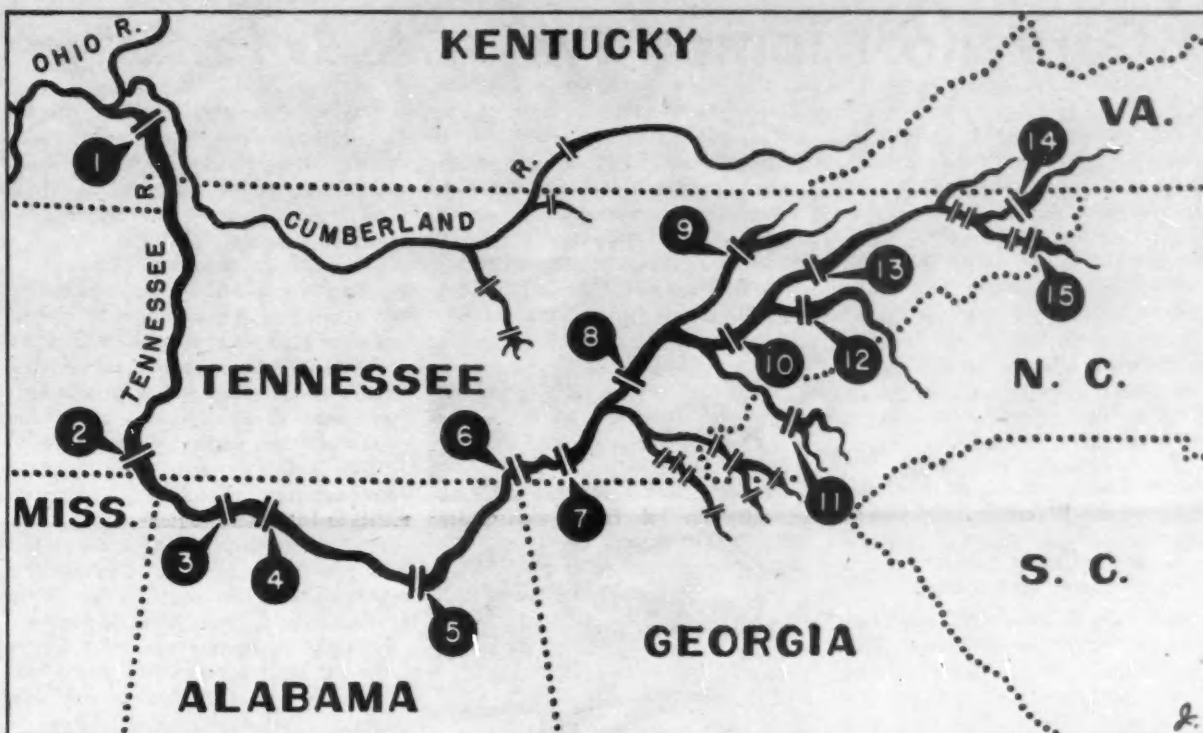
Walter E. Myer

One finds too many people in real life who have low standards of workmanship. They do a careless job, and attempt to pass off their incompetence with excuses. Yet think what the world would be like if everyone had the attitude of these individuals.

The entire population would suffer. Anyone needing a task performed would not know where to turn to get reliable help. Those performing services would suffer because they could not build up a group of regular customers. The daily routine of everyday life would become a frustrating succession of delays, inconveniences, and irritations.

The next time that you are tempted to do a task in haphazard fashion, remember that shoddy workmanship does not pay. Each of us should perform any undertaking that confronts us to the best of our ability, whether it be daily chores around the house, the preparation of assignments, or our life work. Poor quality workmanship, in the long run, hurts us all.

Pan American World Airways hopes to have DC-7C's flying nonstop across the Pacific by 1956. The huge new planes will fly from California to Japan in 12½ hours.



AMONG THE MAJOR DAMS of the Tennessee Valley Authority system are: 1. Kentucky; 2. Pickwick Landing; 3. Wilson; 4. Wheeler; 5. Guntersville; 6. Hales Bar; 7. Chickamauga; 8. Watts Bar; 9. Norris; 10. Fort Loudoun; 11. Fontana; 12. Douglas; 13. Cherokee; 14. South Holston; 15. Watauga. Others of the system of about 30 dams are shown without identification.

Along the Tennessee River Valley

Hydroelectric Power Helps Make Thriving Industry Possible in Region Which Contains Huge Atomic Energy Plant. Farming Is also Important.

ALTHOUGH we are hearing quite a bit about the Tennessee Valley Authority just now (see page 1 story), little is written about the valley itself, or its river.

The Tennessee is the largest branch of the Ohio River. Its tributaries flow down from Virginia, North Carolina, Georgia, and eastern Tennessee to Knoxville, where they form the main stream.

From Knoxville, the river follows a U-shaped course south into Alabama, across the corner of Mississippi, and north again through western Tennessee into Kentucky, where it empties into the Ohio River at Paducah. The total length is 652 miles.

The Tennessee valley or basin is shaped something like a butterfly, with the narrow waist at Chattanooga. Over 41,000 square miles in area, it is about four fifths the size of England, and includes parts of 7 states—Tennessee, Kentucky, Virginia, North Carolina, Georgia, Alabama, and Mississippi. About 3½ million people live in this region, three fourths of them in rural areas.

The valley has great natural wealth. Because of the variety of its soils and the heavy rainfall, any crop can be raised there which grows between Canada and the Gulf of Mexico. Forests cover almost one half of the land. Rich deposits of coal, copper, iron, manganese, marble, zinc, clay, and phosphate rock add to the wealth of the basin. Supplies of limestone, sand, and gravel are said to be inexhaustible. The river itself provides a great amount of hydroelectric power.

A traveler along the Tennessee today would scarcely recognize the valley as it was some years ago. Then, floods and erosion had ruined much of the soil. Forests had been cut away. Mineral resources were largely undeveloped. Large numbers of people were very poor.

Today, the valley is humming with activity. Dams on the Tennessee River and its tributaries check floods, deepen the river for navigation, and provide electric power for the homes, farms, stores, mines, and factories of the region. New forests have been planted. Good, cheap fertilizer is produced and sold locally. Farmers have been taught new and better ways to use the land.

Farming Regions

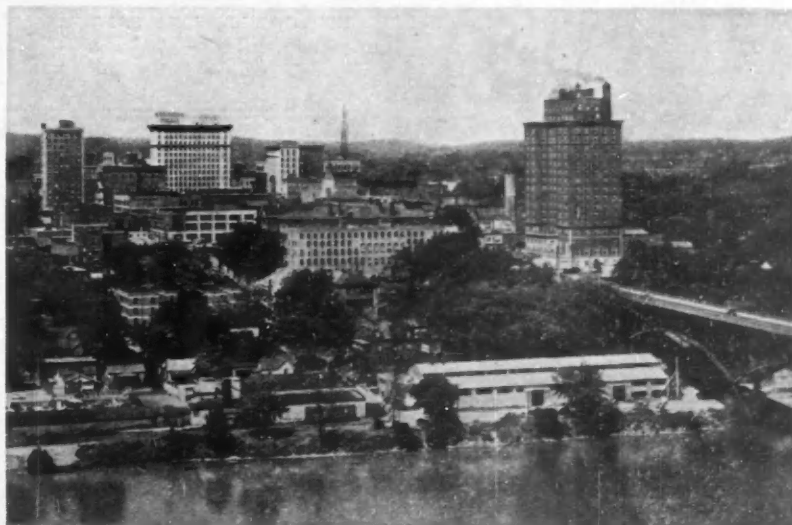
Today, small farms, orchards, and pasture lands prosper in the northern part of the valley. The central part is devoted almost entirely to cattle-raising. Cotton, corn, hayseed, potatoes, peanuts, and vegetables are grown on large farms and plantations in the south.

Industries have sprung up along the river, using the electric power provided by the dams. Chemicals, textiles, aluminum, books, shoes, paper, machinery, electrical equipment, clay, coal, and marble are leading products.

The atomic energy plant at Oak Ridge, Tennessee, and the government nitrate plant—which produces explosives—at Muscle Shoals, Alabama, contribute importantly to the national defense.

Today, a 630-mile-long channel is open along the river for shipping all the way from Knoxville, Tennessee, to Paducah, Kentucky. There, the waterway connects with the great Mississippi River system. Barges carry a great variety of farm, factory, mine, and quarry products to and from the valley. The 10,000 miles of shoreline also provide Americans with a pleasant vacation land. Each year, thousands of tourists engage in swimming, boating, and fishing in a setting of great natural beauty.

Americans disagree over whether or not this region has been unduly favored by federal spending and whether the government has gone into the electric power business here on too large a scale, but everyone agrees that great progress has been made in the Tennessee Valley during the last 20 years.



KNOXVILLE, Tennessee, is an important port, and an industrial and trading center.

A Career for Tomorrow - - Money for College

DID you ever say to yourself, "I'd like to go to college to prepare myself for a career, but I can't afford to go"? Actually, a shortage of funds need not bar you from college. Each year, thousands of young Americans who have little money of their own enter college. How do they do it? Many of them depend on scholarships or grants to help pay their way.

Nearly all colleges and universities in the nation provide scholarships for qualified students who are in need of aid. This financial help may amount to as little as \$10 or as much as \$2,000 a year. Some grants provide for only a year's study, while others furnish funds for a four-year college course.

Grants and Jobs

Most scholarships are outright grants of funds. Some require recipients to do certain jobs for the school. Many colleges also help their students obtain part-time jobs to help meet school expenses.

A growing number of industrial firms are setting up scholarship funds. Some of these are only for the sons and daughters of employees, but many are open to outsiders on a competitive basis. General Motors, the Ford Motor Company, General Electric, and the Kroger Company are among the numerous firms which provide scholarships.

In addition, business associations, labor unions, civic groups, and private individuals in all parts of the nation make funds available to needy students.

A wealthy Ohioan, for instance, set up a scholarship fund of 2½ million dollars for qualified boys and girls of Lithopolis, Ohio. Parent-Teacher Associations in Washington, D. C., and elsewhere provide money to students who want to become teachers.

Though good grades are important, you don't have to be at the top of



A COLLEGE education is costly

your class to qualify for many college scholarships. If you are a serious student, and have about a "B" or better academic average in high school, you stand an excellent chance of meeting requirements for financial grants.

Remember, most scholarship committees look over your personality ratings as well as your grades when they consider your application. They want to know the answers to such questions

as these: Does the applicant have a reputation for being friendly and courteous? Does he show leadership qualities? Is he willing to work cheerfully with others on school and community projects?

If you want to get additional facts on scholarships, talk to your guidance counselor or principal about your plans. These school officials keep in touch with scholarship opportunities and they are ready to help you in any way they can.

Your State Commissioner of Education is also a good source of information. He can tell you about the scholarship funds, if any, that your state provides. Many states offer their residents hundreds of grants for college study each year. New York, for instance, gives financial help to some 750 students a year.

Next, send for catalogs from colleges or universities that interest you. Larger colleges publish special pamphlets about scholarships and other forms of student aid.

You can also get a pamphlet entitled "Scholarships and Fellowships Available in Institutions of Higher Education," from the U. S. Government Printing Office, Washington 25, D. C. Ask for U. S. Office of Education Bulletin 16, and enclose 55 cents.

If you plan to apply for a college scholarship, you should do so not later than in your senior year. It is a good idea to start the spade work along this line during your second or third year of high school.

Study Guide

Power Issue

1. Why do most citizens agree that the U. S. government should take a large part in building multi-purpose dams on big rivers?
2. What controversy has arisen concerning the production of electricity at these dams?
3. Why does the TVA project always enter into the power dispute?
4. Briefly describe TVA.
5. What events have touched off the Dixon-Yates affair? Give the pros and cons on this issue.
7. How do most Democrats feel about the federal government's role in the development of water power?
8. Give the views of most Republicans concerning the power controversy.

Discussion

1. Do you agree or disagree with the administration's decision to have a private power group remedy the electricity shortage in the Tennessee Valley? Explain.
2. Do you think that the federal government should stay in the business of generating and selling power? Or should this business be left to private companies? Give reasons for your answer.

Foreign Trade

1. Give arguments for and against an increase in the U. S. tariff on bicycles.
2. Why do some businesses and industries favor a high-tariff policy while others oppose it?
3. Give the figures on our total exports and imports for last year. How did our foreign military and economic aid fit into the picture?
4. Summarize the general arguments used by people who favor low trade barriers and extensive foreign commerce.
5. Give the reply of those who favor strict limitations on U. S. trade with other countries.
6. Briefly describe the foreign trade law which Congress will be asked to renew next year.
7. In general, where does each of our two major political parties stand with respect to foreign trade?
8. Discuss President Eisenhower's stand on this subject.

Discussion

1. Do you think our government should pay more attention to encouraging foreign trade, or to restricting it? Give reasons for your answer.
2. In your opinion, what are the strongest arguments on each side of the trade controversy? Explain.

Miscellaneous

1. Who is Anthony Eden? What role has he played in recent European defense talks?
2. How much is Uncle Sam's deficit—expenditures over income—expected to be in the coming year?
3. On what grounds does the Watkins committee think Senator McCarthy should be censured?
4. What are the views of McCarthy's supporters toward this committee's verdict?
5. Name two explorers who are being honored this month.
6. Briefly describe the latest plan for making West Germany an Allied defense partner.
7. How many states are wholly or partially in the Tennessee River basin, and about how many TVA dams have been built on this river?

References

Current History, September 1954. Entire issue devoted to United States trade policy.

Congressional Digest, August-September 1954. Complete issue devoted to foreign trade, with special reference to national high school debate topics.

Historical Backgrounds - - Foreign Trade

WE ALL know the story of our heroic colonists. They cut wood from the forests and built homes. They broke soil that never before had been planted and grew their food. They sheared wool from sheep, wove it into rough cloth, and made clothing. They fashioned shoes from animal hides. They supplied most of their needs.

Great as their accomplishments were, the colonists required goods from other lands, for our factories were not then built. Farmers needed tools, or iron with which to make them. The housewife had to have salt to preserve meat and to make foods tastier. Animals had to be brought from England, Spain, and elsewhere to establish farm herds. The colonists wanted linens from Holland (now the Netherlands); glasses, dishes, books, furniture, and other goods from England and France.

The need for certain products and the desire for others led the colonists into trade—to sell what they had for what they required and wanted. A shipload of tobacco was on its way to England in 1614, just 7 years after the first permanent English settlement was founded at Jamestown, Virginia. The Pilgrims started a carton of beaver skins to England in 1621, within a year after the founding of Plymouth, Massachusetts.

Most of our trade was with England at the beginning. That was natural since the colonies then belonged to England. It was not long, though, before the early pioneers began selling products to other lands and buying goods from them. We traded with France, the countries of southern

Europe, North Africa, and the West Indies.

The southern colonies exported large amounts of tobacco and some grains and furs. Sale of tobacco enabled George Washington and other southerners to buy cloth for suits, books, and furniture from abroad. New York, Pennsylvania, and other middle colonies shipped out grain, furs, and flour. The New England colonies exported fish, whale oil, timber, and shipping vessels. In return, the early Americans obtained manufactured goods, sugar, and other products.

As an independent United States, we steadily expanded our trade. We signed treaties with Holland, Germany, Sweden, and other countries. In the 1780's, our merchant ships reached China and began to do business there, trading cloth and trinkets for tea and spices.

Although we are today one of the



AN EARLY AMERICAN ship captain exchanging goods with Far Easterners

world's leading nations in trade, we did not reach our present position quickly. In 1790, for example, we exported goods valued at only a little more than 20 million dollars. In that year, we purchased 23 million dollars' worth of goods—which left us in debt to other nations for 3 million.

Buying more from other nations than we sold to them was the general rule for many years. This was largely because our growing population required most of what was produced here as well as what could be obtained from abroad.

The Turning Point

The U. S. reached the point of becoming an important world trader by the 1870's. At that stage, we had developed numerous factories, and had surplus goods to sell that others wanted.

Between 1871 and 1890, we were selling about 650 million dollars' worth of goods a year and buying only about 565 million dollars' worth in trade with other lands. Thus, our sales exceeded our purchases.

U. S. sales abroad crossed the billion-dollar-a-year mark in the 1890's, reached 10 billion dollars in the World War II years from 1941 to 1945, and exceeded 21 billion last year.

Most of the time after 1871, we continued to buy less goods from abroad than we sold to foreign lands. This lack of balance between sales and purchases has created serious problems for us and the rest of the world. The problems are discussed in one of the main articles in this paper (beginning on page 1).